1   A F T E R N O O N   S E S S I O N

2   2:00 p.m.

3   MR. SCHROEDER: Good afternoon. Thanks for coming

4   back, I guess. I'll say to start, I hope you all had a

5   pleasant lunch break and found the food in our two in-house

6   cafeterias at least edible, if nothing else.

7   This afternoon's session is on the regulatory

8   paradigm that we may wish to move toward in our streamlining

9   or privatization of Part 68. Actually, excuse me. Before I

10   start on the more substantive things, I have a couple of

11   quick notes.

12   One is that if you need a copy of the public

13   notice that we put out a couple of weeks ago announcing the

14   forum, we have extra copies here. The second thing is,

15   could you say your name if you're going to speak before

16   you -- or as you start your comments. Our court reporter

17   requested that we do that. And let's see. Yes. Our court

18   reporter asked us to say our names even if we have a name

19   card because she can't see the name cards from where she is.

20   I guess back to the more substantive things. Our

21   second session is on the new regulatory paradigm that we may

22   move toward. We asked some questions in the public notice

23   about this broad issue.

24   One is whether or can we create a new private

25   sector paradigm which would replace Part 68 and still serve

1   the purpose of protecting the network? And if so, how

2   should the transition occur?

3   We asked about the level of government oversight

4   that would be appropriate within this new regulatory

5   paradigm. We also asked about safeguards and procedures

6   that we might need to use if the private sector can't

7   resolve certain issues. And then, finally, the policies and

8   rules that we would actually need to accomplish the

9   privatization of any necessary current Part 68 rules.

10   Today for this session we have opening statements

11   from a number of people. One is Clint Pinkham, who spoke

12   before the first -- or at the beginning of the first session

13   from Thomson Consumer Electronics.

14   We also have Stephanie Montgomery and Chuck

15   Berestecky from TIA. I understand that Chuck is actually

16   going to do the presentation. I guess they're going to

17   decide while Clint is speaking.

18   Anh Wride from Communications Certification

19   Laboratory. Jim Hearst from SBC, and Paul Hart of USTA.

20   In addition, we have some observers from the

21   Underwriters Laboratories here, and Yog tells me that one of

22   them is going to -- well, I guess respond to some questions

23   that Yog has as we're getting the discussion started so that

24   we can use their experience for I guess comparative purposes

25   as we enter into our discussions.

1   So any way, with that, I'll ask Mr. Pinkham to

2   start us off.

3   MR. PINKHAM: Thank you very much, Kurt. Gee,

4   starting off. Okay.

5   Thomson does believe that there is another

6   paradigm that can be used basically for Part 68. And

7   essentially, in a nutshell, we would like to see the entire

8   registration or certification process, I guess is the

9   official designation, done away with and replaced with a

10 declaration of conformity as defined in 47 C.F.R. Part 2.

11   The reasoning for this is that we feel the need

12 for the gatekeeper function that the FCC has performed as a

13 registration guru, has outlived its usefulness. When Part

14 68 first came into being, there were a lot of manufacturers

15 out there and not really a lot of knowledge on how

16 telecommunications equipment should be manufactured. As a

17 result, it was quite possible that people by accident could

18 generate some real garbage stuff that could do harm to the

19 network.

20   The FCC's done a very good job of making sure that

21 that didn't happen with the registration, but now it's been

22 what? Twenty-some years? I wasn't involved in all of it,

23 but over that time, there has been a great deal of expertise

24 that has developed in the entire compliance industry so that

25 I think the danger to the public switch telephone network is

1   considerably less today than it used to be.

2   Of course, the advantage that we, Thomson, see as

3   a manufacturer to declaration of conformity as opposed to

4   certification is very simply timed to market. It takes a

5   while to get certification.

6   I know that there have been numbers published of

7   the target time now is what? Two and a half weeks, Bill?

8   And that's probably true. But if you look at our

9   development schedule for new products, and by the way, the

10   total development schedule for new products now is in the

11   order of six months. It takes us a lot longer than the two

12   and a half weeks to actually get certification.

13   We have to go through one or two sample bills on a

14   new product. And before we get to the point where we have

15   product that is in a condition to be tested and reported for

16   certification, we have to be relatively close to production.

17   During that six-month period, probably we're at month four

18   or five before we've gotten product that is up to snuff.

19   Then we have to take that product, and of course,

20   the entire submission package has to be generated. It takes

21   about -- call it a couple of weeks to make the measurements

22   and prepare the report and ship that off to the Mellon Bank.

23   The Mellon Bank does its thing. Sends it off to Bull

24   Howden, who typically turns it around in two to three weeks

25   and then publishes the registration number. But that total

1   time period that we're looking at is closer to five or six

2   weeks actually.

3   And there's really nothing we can do. We cannot

4   start production until we actually have the registration

5   number in our hands, because that number has to go on the

6   product and we don't know what it is until we get it. So

7   basically, we're sitting there for at least three or four of

8   that six-week period that it takes to do the registration,

9   just sitting there waiting for the number. This is pure

10 lost time in the time-to-market scam, or scheme.

11 (Laughter.) Excuse me. Wasn't intentional.

12   And I think that if you read the Thomson comments,

13 I went into some detail as to what that actual cost of time

14 to market is. I don't know if I -- I don't think it's

15 productive to go over it in detail here, but let me just say

16 that it is much, much, much higher than the actual two or

17 three hundred dollars that is paid for registration or the

18 costs of the people to do the registration.

19   What we're talking here is the cost to both

20 manufacturers and our customers that is the difference

21 between the cost of the product to be introduced and the

22 product we're already making. In the consumer business,

23 price drops of 20 to 30 percent per year are normal. And a

24 delay in getting that product to market means customers are

25 paying higher prices for the old products, and manufacturers

1   are losing margin on the higher cost, older products.

2   You can get through the numbers two or three

3   different ways, but it amounts to hundreds of million of

4   dollars a year for the entire industry. That's the reason

5   we'd like to see something quicker than registration. We

6   believe that declaration of conformity is that.

7   The other part of that is, or the original

8   question that was asked is, what safeguards should be put in

9   place to make sure that nothing awful happens, if you will?

10   And the safeguard that's built in to the declaration of

11   conformity is the fact that accredited laboratories must

12   make the measurements that are used. That, by its very

13   nature, says that there will be somebody who understands the

14   process, understands telecommunication equipment and can

15   make a decision as to whether or not that product truly does

16   meet the requirements. We feel that's enough protection for

17   the PSTN today. Thank you very much.

18   MR. SCHROEDER: Thank you, Clint. Before we move

19   on to our next speaker, there were a couple of housekeeping

20   things I neglected to mention, one of which is actually more

21   than a housekeeping thing.

22   Even though Susan asked this morning, I think I

23   should ask again. Is there anyone here who would like to

24   have us bring up a sign language interpreter? Anyone?

25   Okay.

1   The other thing, which is a housekeeping matter,

2   we'll take a break about 3:15, and then continue the

3   discussion.

4   Next, for TIA, I believe Chuck Berestecky is going

5   to give an opening statement.

6   MR. BERESTECKY: My name is Chuck Berestecky. I'm

7   a contractor to Lucent, and I'm speaking on behalf of the

8   Telecommunications Industry Association.

9   Just a little bit of background on myself. I go

10   back to the very beginning of Part 68, back to when the days

11   they had the PBX advisory committee, and I think Paul was

12   also in that. And right up through the current day where

13   I'm now the chair of TR41, which is the fallout of the PBX

14   advisory committee. It was formed when the PBX advisory

15   committee was shut down.

16   Worked at Bell Labs. Helped write many of the

17   technical requirements. I went to AT&T and with Ivan

18   Sidenburg, made all the comments on everybody's

19   applications. So I've been involved in that process, too.

20   I'm now the chair of TR41. I was the chair of

21   TR41.9 and right now is the subcommittee chair. And in that

22   capacity, responsible for the first TSB that was written,

23   the technical bulletin for the testing and for the

24   harmonization document that we put together under Part 68.

25   With that as a background, let me just thank you

1   for the opportunity to participate here, and indicate to you

2   what I'm going to do is provide you an overview of what TIA

3   recommended for this new paradigm in the private industry to

4   replace 47 C.F.R. Part 68.

5   Primarily, TIA recommends that the development of

6   core technical requirements for Part 68 be delegated to

7   ANSI-accredited SDO. I'm assuming you know what those

8   acronyms are. ANSI, the American National Standards

9   Institute, SDO, the Standards Development Organization.

10   The process that we proposed there is patterned

11   somewhat after what is used in Canada. The program is

12   called TAPAC.

13   Our recommendation provides FCC with a role in the

14   development process through an oversight and in

15   participating in our committees and achieves, we believe,

16   and will achieve the goals the FCC has put forth to maintain

17   the competitive nature and to protect the network. It will,

18   in our opinion, significantly reduce the need of FCC

19   resources in the development and the maintenance of the

20   technical requirements in Part 68.

21   Most importantly, it's a fair process that's open

22   to all interested parties and provides due process. It will

23   reduce the time to change the technical requirements, and to

24   add those necessary for new technology.

25   TIA's recommendation is that the SDO would follow

1   ANSI procedures for developing the standards or the

2   technical requirements in this case. The ANSI procedure, as

3   you may or may not know, requires a project description and

4   a public notice announcing the project. It also requires

5   that the technical requirements or standards recommendations

6   be made available to the public for review and ballot.

7   The SDO is required to review all ballots and to

8   respond in writing to those providing negative comments.

9   And it must indicate how it resolved the negative comments.

10   The parties forming negative comments are asked to

11   reply whether or not they are satisfied with the resolution.

12   And finally, an SDO must have an appeals process available.

13   Although additional requirements can be imposed on

14   this process, such as the FCC could issue a public notice

15   announcing the initiation of such a project including

16   information regarding the SDO, the venue, the contact, et

17   cetera. The SDO, though, would be required to allow all

18   parties to participate, even those not currently a

19   participant in their SDO. And that the only cost to the

20   non-member participation would be for overhead costs. Now,

21   even that in some instances could possibly be waived.

22   When the SDO completes its accredited process, it

23   will notify the FCC of its recommendations. Now, TIA

24   understands that currently, and pursuant to the

25   Administrative Procedures Act, the Commission must provide

1   interested parties an opportunity to comment on these

2   recommendations if they are to be formally recognized or

3   codified by the FCC.

4   In many respects, this rulemaking process is

5   redundant to the ANSI standards process, and adds

6   unnecessary delay since ANSI requires SDOs to complete a

7   very thorough and open review of all comments before

8   adopting a standard. Unless the Commission can accept SDO

9   recommendations without prolonged public comment, then the

10   efficiencies and the expedience of the proposed process will

11   be lost. I'd just might note that the TAPAC process doesn't

12   have such delays in it.

13   TIA urges the FCC to expedite, if it has to do it,

14   if it is required, that they must put out a notice. That

15   they would expedite the notice and comment cycle. For

16   example, by allowing say, no more than two weeks for

17   comments as an example. If there are no comments which is

18   likely given the ANSI -- the thoroughness of the ANSI review

19   process, the Commission should adopt the SDO's

20   recommendations verbatim.

21   Another option is to make this the default. That

22   is, absent some action from the Commission, the new

23   technical requirements will go in effect immediately at the

24   end of the comment period.

25   And in the unlikely event that there is something

1   the SDO cannot resolve, we would have to recommend that it

2   would go to the Commission for resolution. And we don't

3   think that is a very likely occurrence given the experience

4   we've had so far.

5   I would just want to make a note that the current

6   connector catalogue used under Part 68 that has been

7   maintained (phonetic) by the ANSI T(1) E(1) SDO does not

8   even have this level of oversight today. And there have

9   been no known complaints. So there is evidence and positive

10   experience that in relying on the private sector process for

11   a portion of 68 does really work and it can work.

12   There are other critical points that we made in

13   our filing. I'm just going to sort of rush through them a

14   little bit here in the interest of time. I'm sure we can

15   comment more on these time as time goes on.

16   UPED technical committee chair 41, which I chair

17   is prepared to be -- to take on this role of one of the SDOs

18   for Part 68, the technical requirements. Has both the

19   experience in Part 68 technical matters and administrative

20   matters, and is an ANSI-accredited SDO.   ·

21   But this isn't by no way to recommend that it only

22   be one SDO, because there are other SDOs. And you've heard

23   about one today, the T(1) E(1).4 committee that has written

24   a spectrum management plan, which has -- they have the right

25   expertise to do it, so that would be another place where

1   this type of thing could be done. It could be joint SDOs.

2   It could be even a lead SDO. We're not recommending that it

3   be just one.

4   But however, we are suggesting and recommending

5   strongly that the keeper of whatever becomes Part 68,

6   assuming we end up with the one-page type of document with a

7   pointer, be delegated to just one entity so that we can

8   maintain a consistency in the document and it becomes clear

9   to the users of it where it's available. We don't think it

10   would be wise to have distributed technical requirements.

11   And we did talk a little bit in our document about how new

12   technology might be handled.

13   There were a couple other notes we made in there,

14   and I think these are important to note. That the proposal

15   that we made is in line with the direction of Congress to

16   rely on private sector consensus standards. This is in the

17   National Technology Transfer and Advancement Act. The FCC

18   already has a precedent in using ANSI SDOs for

19   interoperability criteria in the public safety sector.

20   And finally, the Telecom Act of 1996 does note a

21   difference between the accredited and the nonaccredited

22   SDOs. What they point out in there is that if you use a

23   nonaccredited SDO for this type of activity, there would

24   have to be additional safeguards that with an accredited

25   SDO, you do have the very open process and there's no need

1   for any additional safeguards.

2   Thank you, and that concludes my statement.

3   MR. SCHROEDER: Great, thank you very much, Chuck.

4   Next, Anh Wride from Communications Certification

5   Laboratory is going to speak.

6   MS. WRIDE: I believe that I'm going to repeat a

7   lot of what Chuck is saying because I think CCL is in

8   violent agreement with TIA on this.

9   In this forum, the Commission is seeking for new

10   paradigms to restructure the manner in which the

11   Commission's goals for competition and network production

12   are achieved. CCL would submit that because of the

13   increasingly rapid pace of technological change, it is more

14   critical than ever for the Commission to maintain control

15   and direction over Part 68 in order to preserve the

16   essential concept of a single, uniform standard that has the

17   force of law.

18   However, just as CCL presented in Forum Number 1

19   for the reduction of the bulk of Part 68, CCL would urge the

20   FCC to make use of the Standards Development Organization '

21   concept. And again, like Chuck said, in this concept, the

22   FCC would privatize the formulation of technical rules to a

23   specific private sector industry forum under an ANSI-

24   accredited SDO.

25   And I would like to just reiterate some of the

1   points that Chuck made is that in order for this new

2   paradigm to work, the following criteria must be met: The

3   SDO must be an open forum with broad representation of a

4   cross-section of the industry and not just members of the

5   Association.

6   The SDO must be accredited by ANSI. ANSI

7   procedures for standards development into very thorough sets

8   (phonetic) of public comments and ballot responses, which

9   would ensure that new process provisions are met. And

10   although more than one SDO may be chosen in cooperation,

11   there should only be one lead SDO forum. That would be the

12   final keeper of the private sector to maintain a set of

13   rules.

14   The SDO should operate in an expedient manner with

15   regard to new technologies. Under the new system, however,

16   some portions of the technical rules in the C.F.R. Part 68

17   such as those dealing with accessibility issues in Section

18   68-316, hearing aid compatibility, and Section 68-317,

19   volume control must be retained as part of the C.F.R. Part

20   68 document.

21   Each one of the sections delegated to the private

22   sector will still have its place in the C.F.R. Part 68.

23   Only the reference industry standard would provide the

24   actual content of the requirements.

25   Finally, CCL would recommend that the FCC

1   implement a strong enforcement process that addresses

2   noncompliance and intentional violations of the regulations.

3   CCL urges the FCC to use the resources freed up from

4   privatization of the technical requirements and the

5   administrative procedures dealing with Part 68 toward the

6   development of a credible enforcement program.

7   Unless the Commission is willing to implement

8   appropriate penalties and enforcement actions, conscientious

9   manufacturers who play by the rule will be disadvantaged,

10   vis-a-vis those who intentionally ignore or violate the

11   regulations. Thank you.

12   MR. SCHROEDER: Thank you very much, Anh.

13   Next, Jim Hurst from SBC will speak.

14   MR. HURST: Good afternoon. My name is Jim Hurst

15   representing SBC and its subsidiaries, Southwestern Bell,

16   Pacific Bell, Nevada Bell and Southern New England Telephone

17   Company. SBC welcomes the opportunity to work with the FCC

18   and other interested parties, in the deregulation

19   privatization of equipment registration in the telephone

20   network rules.

21   SBC strongly supports this effort of the

22   Commission to reduce governmental oversight where it's

23   unnecessary while retaining regulatory authority where

24   necessary to protect the public switch network. SBC will

25   work to support a single set of mandatory requirements based

1   on the four principles in Part 68.

2   Declaration Conformity Proposal. It is SBC's

3   understanding the manufacturers wish to replace the Part 68

4   application process which takes about five weeks to reach

5   completion with a declaration of conformity proposal, which

6   would not impose a regulatory delay on all new products

7   brought forth to market.

8   The manufacturer would simply file a declaration

9   of conformity providing assurance that the product meets the

10   four basic requirements currently found in Part 68. Those

11   four basic requirements are -- product proposes no

12   electrical hazards to telephone company employees, product

13   will not damage telephone equipment, product will not cause

14   any malfunction to telephone company billing equipment, and

15   the product will not degrade the service of persons other

16   than the user, subject to the terminal equipment and of the

17   using calling party.

18   Manufacturers propose that the FCC not be involved

19   in all the initial marketing and the product under the

20   declaration of conformity, but merely enforce the principles

21   currently found in the rules when called upon to do so as a

22   result of dispute as to whether or not the new product does

23   meet the guidelines set forth below.

24   It's the position of SBC that a declaration of

25   conformity process is a workable solution to the regulatory

1   delay it currently slows the time of market to new products

2   by as much as five weeks. However, it is important that the

3   Commission implement some type of penalty for

4   misrepresentations made in the context of the declaration of

5   conformity to ensure compliance with the new system. A pure

6   honor system is inappropriate when the safety of employees

7   and the security of the public switch network is at stake.

8   Failure to even a few companies to actually comply

9   with the technical criteria in Part 68 would pose a far

10   greater danger to the implementation of new technology, than

11   it does to the delay of the current process.

12   A new paradigm can be created in the private

13   sector to replace those portions of 47 C.F.R. Part 68 cited

14   above, proposed in Form 1. But in order to protect the

15   network from the harmful CPE and interconnection, the

16   remaining rules set forth in Part 68 should remain in place

17   and subject to FCC oversight. A transition could best be

18   taken, as such is the one that was announced in this docket

19   where the industry representatives can discuss and arrive at

20   a consensus as to which rules are no longer necessary and '

21   how the transition can best be made to private industry

22   guidelines to make a place for those rules.

23   As to the issue of the private industry may not be

24   able to resolve, those matters shall remain subject to the

25   FCC supervision. SBC does not support any further

1   privatization of Part 68.

2   And in summation, we think the FCC should play

3   this kind of a role. They should foster a single set of

4   mandatory requirements. And where dispute arise, they ought

5   to act as a mediator. And where violations occur, they

6   ought to act as the enforcer.

7   And that concludes our presentation.

8   MR. SCHROEDER: Thank you very much, Jim.

9   Making our next presentation will be Paul Hart of

10   the United States Telephone Association.

11   MR. HART: Thank you. Again, Paul Hart, USTA.

12   Rather than go over ground that's already been

13   well plowed, both in these presentations as well as the

14   discussions we've had, I'll move into the Delta mode.

15   One of the things that impresses me as a result of

16   all of this, I don't know whether it's a surprise to any of

17   the folks on the Commission or not, but rather than maybe

18   doing battle with an industry that might not be anxious to

19   go this route, you may find yourself with a proposal that's

20   been eagerly accepted in principle by the industry.

21   There's a lot of psychology going on here. When

22   you say, "What level of governmental oversight, if any, is

23   necessary to implement 47 C.F.R. Part 68 rules and criteria,

24   and why?" The point is that without a very strong

25   commitment on the part of the Commission, and a number of

1   the commenters have alluded to this, that they really mean

2   business to stay in the role of making sure that the

3   Commission and the industry works out something that is

4   workable and is practical, and will stick with it, you're

5   going to have a significantly reduced amount of enthusiasm

6   in the industry to go through all this.

7   It seems that I may -- I hope you'll forgive me

8   for characterizing it this way -- it looks like maybe what

9   somebody of the industry is going to have to do is block the

10   exits, because there may be too much of an eagerness to just

11   wash your hands of this and just turn it over to the

12   industry.

13   I think one of the things we have to be very

14   candid about is the belief that if this is going to work,

15   the Commission must, absolutely must make it clear to

16   everybody that they are going to stay with it, and they are

17   going to continue to be a very strong presence behind

18   whatever structure we all develop. That is essential if the

19   industry is going to offer its best efforts to you to

20   accomplish this. But I also believe if you do that, you

21   will have the industry's best efforts, and you will have the

22   option to build a successful program.

23   So that commitment on the part of the Commission

24   is extremely important. And part of the problem with this

25   is that it's probably going to be quite a while before the

1   Commission sees an awful lot in the way of practical

2   efficiencies about this. Developing these arrangements, as

3   you all know, I mean, especially Yog and the Common Carrier

4   Bureau and all the stuff going on at the North American

5   Numbering Council.

6   This stuff does not come easy. That's

7   particularly a difficult process. This would be a lot

8   better, I think. But at the same time, this isn't going to

9   be fast. It's not going to be real quick and easy.

10   As far as the SDOs, I also agree that there are --

11   the structure you develop is going to have to contemplate

12   multiple SDOs. And it's also going to have to contemplate

13   the fact that they may come and go in the process.

14   You've also got an administrative activity going

15   on in T(1) A(1).7. You've got the technical rules in T(1)

16   E(1).4. And you know, it's quite possible that the

17   technical rules could be completed. They could publish

18   their standard. It could be adopted by whatever means. And

19   they may not be doing that anymore for a while. They might

20   actually be inactive on it.

21   And so, one of the things that also comes to mind

22   is the fact that there's going to need to be a provision

23   made. Now, whether or not you do it in accordance with the

24   suggestion you heard from TIA is one thing. But there needs

25   to be some sort of a governing council of some form. And the

1   thing that comes to mind is at various times we've had

2   groups that have coordinated the activity of various SDOs

3   that have been involved in different elements of a project

4   in a joint standard. What was it? A JSTCC, we had at one

5   time.

6   But maybe the leadership of the forums involved in

7   the various activities that are covered by the activities to

8   rework Part 68, maybe the leaders of those forums together

9   should constitute a council whose responsibility is to meet

10   and make sure that the activities of all of the SDOs

11   involved are harmonized and that they have the overall

12   responsibility to care and coordinate for the activities of

13   the various SDOs together.

14   The other thing that I think is that I can imagine

15   myself in this process, and I can imagine a lot of other

16   people. If, for example, there is some real grievance

17   within this process, there does -- if the Commission is

18   going to remain the ultimate authority in this, there is

19   going to have to be a path by which they can come back to

20   the Commission and express a grievance. How you would do

21   that would be dependent upon the structure you finally come

22   up with.

23   And of course, any party has the right to petition

24   the Commission for relief on an issue. But you'd like to

25   provide people who do have a problem with a path through the

1 system so that there's a maximum amount of option to have

2 that issue resolved before it ever gets to the Commission

3 and requires a formal activity on the part of the

4 Commission.

5   So -- and the last question that's on here, "What

6 policies and rules should be implemented to privatize any

7 remaining 48 C.F.R. Part 68 rules?" I have to confess I'm

8 not sure I know exactly what that question means. What part

9 of the remaining rules is it that we are addressing? The

10 ones that are not handled by the SDOs, or -- anyway.

11   MR. SCHROEDER: Yes, I think Susan was just

12 saying. I think what we meant is rules that remain once

13 we've -- well, essentially, eliminated unnecessary Part 68

14 rules, the rules that are still --

15   MR. HART: Okay. And there's going to be two

16 categories of those rules. In some cases, you've -- the

17 Commission has stated that it's going to keep its own rules

18 in effect, and then, there's going to be a body of rules

19 theoretically that can be administered and operated by the

20 forum process.

21   Okay. I guess the answer is whatever you need.

22   MR. SCHROEDER: Okay.

23   MR. HART: All right. Well, I appreciate the

24 opportunity to speak again on these issues. I think there

25 is a tremendous opportunity here on the part -- for the

1   industry and the Commission. And I think it's been

2   extremely instructive as to how eager the industry is to

3   work with the Commission to make this happen.

4   And I will say just one more time, the key to this

5   whole thing is the Commission's earnestness in staying with

6   it and maintaining that ultimate authority behind it. To

7   the extent we see the erosion in that willingness, then I

8   think you're going to see a very significant change in the

9   attitude of the industry. Thank you very kindly.

10   MR. SCHROEDER: Thank you very much, Paul.

11   Next, we're going to hear a little bit from a

12   representative from the Underwriters Laboratories. And if

13   you could step over to the microphone. And could you state

14   your name for the stenographer?

15   MR. GELLERMAN: Certainly. My name is Gordon

16   Gellerman. I am currently the manager of Governmental

17   Affairs for Underwriters Laboratories.

18   MR. SCHROEDER: Thank you.

19   MR. VARMA: Gordon, you probably heard some

20   discussion that we had this morning concerning some examples

21   relating to Underwriters Laboratories. I was wondering if

22   it is possible for you to give us a very brief sketch of the

23   Underwriters Laboratories concerning its structure and how

24   it operates, how it functions and what simple role it plays

25   in the electric power appliance industry.

1   MR. GELLERMAN: Certainly. Underwriters

2 Laboratories is over a hundred years old now. We actually

3 have two primary functions in the United States. We are an

4 independent not-for-profit organization. We were both a

5 private sector standards development organization and a

6 product certification organization.

7   We write and publish over 700 standards for safety

8 in the United States. Over 80 percent of these standards

9 are ANSI-accredited standards. Underwriters Laboratories is

10 ANSI-accredited for several different ANSI methodologies for

11 standards development.

12   So in addition to being a certifier, everybody

13 knows the UL logo on products, we also run the process that

14 generates the safety standards. As you've heard around the

15 table, that process is an ANSI-accredited open standards

16 development process which allows the standards to be

17 developed by a balanced group.

18   That group usually includes manufacturers of the

19 product, regulatory and government officials who are

20 concerned about those products safety, consumers, experts

21 from Underwriters Laboratories, and other people from

22 various fields who have an interest in the technical

23 requirements of a given product safety standard. So that's

24 one of the operations that Underwriters Laboratories runs.

25   We're also this country's largest product

1   certifier. We run a process where manufacturers wishing to

2   put the Underwriters Laboratories mark on their product,

3   which demonstrates conformity with those product standards,

4   come to UL. They submit their product for what we call a

5   type examination or an investigation to determine if the

6   product that's being manufactured or is intending to be

7   manufactured complies with the requirements of the standard

8   for safety.

9   If the product does comply with the standard for

10   safety, we initiate a surveillance process at the

11   manufacturer's facility to ensure that the products he

12   continues to manufacture still comply with the requirements

13   of the safety standard. And if all that is in place, then

14   we allow that manufacture to bear our mark on his product,

15   which indicates that his product meets the current

16   requirements for the standard.

17   That's a very brief sketch of how the process

18   works.

19   MR. VARMA: Thank you. Is the electric power

20   industry a part of the group that works with you in the

21   development of the standards themselves?

22   MR. GELLERMAN: Now, when you say electric power

23   industry, you're speaking of the power generation industry?

24   MR. VARMA: Yes.

25   MR. GELLERMAN: In several standards, we do have